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SUBJECT: MEDIA REACTION: U.S. ARMS PROCUREMENTS

Summary: Major Chinese-language Taiwan dailies continued to focus their coverage December 23 on the second meeting between KMT Chairman Ma Ying-jeou and PFP Chairman James Soong Thursday following the December 3 island-wide elections and the controversial U.S. arms procurements bill. The pro-independence "Liberty Times," Taiwan's biggest daily, carried the results of a National Defense Ministry's latest poll survey on its page three that said: "70 Percent [of the People Polled] Said They Support the [U.S.] Arms Procurement Bill's Delivery to the Legislative Yuan's Procedure Committee for Review." The centrist "China Times" reported on its page three that "The United States Guarantees That It Will Sell Eight Submarines to Taiwan; Public Bidding [for the Submarines] Can Go Ahead First." In terms of editorials, an editorial in the pro-unification "United Daily News" said Washington's recent suggestion to President Chen Shui-bian that Taiwan increase its annual defense budget to 3% of its GDP showed that the U.S. government knows better how to "manage" Taiwan and that Chen's accepting of Washington's proposal is a double injury to Taiwan's national dignity and Chen's personality. End summary.

"Chen Shui-bian and [U.S.] Arms Procurements: Double Injury to [Taiwan's] National Dignity and [Chen's] Personality"

The pro-unification "United Daily News" [circulation: 400,000] commented in an editorial (12/23):

"By comparison, it seems the U.S. government knows better how to 'manage' Taiwan than Chen Shui-bian. All the more, Washington indeed went beyond its authorities and replaced Chen's position in 'managing' Taiwan. A precedent of this situation was seen in the past when [Chen] sought to initiate a referendum on Taiwan's writing a new constitution, and now the [U.S.] arms deal [with Taiwan] is another example.

"The [U.S.] arms deal [with Taiwan] has made a major turn [recently]. The United States suggested that Taiwan change its way of listing all the funding earmarked for [U.S.] arms procurements as a special budget into adding it to the government's regular defense budget and increase Taiwan's annual defense budget to 3% of its GDP. Washington made such proposals because it has already had a clear view that: first, the opposition camp's move to oppose the U.S. arms procurement bill and the debate on Taiwan's national defense that such a move triggered has, to a certain extent, won public support. The longer the arms procurement bill is procrastinated, the more alienated Taiwan's society will feel about the bill. Second, given the fact of Taiwan's quickly deteriorating financial status, it will be more difficult to remove the opposition legislators' obstruction to the bill if the government still insists on listing the arms procurement funding as a special budget. Third, the United States has seen particularly clearly that Chen Shui-bian has lost his power and prestige now, so it started to adopt a resolution that tilts toward the pan-Blue camp's position.

"The question is: even the U.S. government has seen everything crystal clear and worked out a possible resolution [to the stalled arms procurement bill], how come that Chen got stuck in the deadlock of the bill and has been at his wit's end about what to do for the past two years? In the end, it turned out that Chen still had to swallow the antidote prescribed by the United States [to resolve the problem]. Such a situation is akin to a double injury to both Taiwan's national dignity and Chen's personality especially when he is the president of the Republic of China! .

"The U.S. proposal to change the funding for the [U.S.] arms procurements from a special budget to regular defense budget seems relatively feasible, at least on the technical and financial levels, even though it fails to provide a genuine answer to Taiwan's debate over its national defense. . The United States said Taiwan must demonstrate its capability and determination to defend itself via arms procurements. But everybody knows that no one can show his capability and determination to defend himself simply via arms procurements. For Taiwan at this moment, the psychological

consensus of `whom and what are we fighting for' is nearly at the brink of decomposition. ... What meaning would everything have for Taiwan, let alone the arms procurements, if the island fails resolve the problem of `for whom and what are we fighting for' and the economic and political conflicts inherent in our cross-Strait policy? That is the core concept of the `anti-arms procurements' movement. ."

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